

Introduced by Senator Block

February 26, 2015

An act to amend Sections 1722, 1751.5, 14000, 14001, 14020, 14022, 14022.5, 14024, 14025, 14028, 14031, 14032, 14038, 14039, 14040, 14042, 14061, 14063, 14064, 14080, 14090.1, 14097, 14099, 15001, 15008, 15010, 15011, 15013, 15017, 15020, 15027, 15027.1, 15031, 15036, 15053, 15056, 15060, and 15062 of, to add Sections 14025.1, 14079, and 15009.1 to, to repeal Sections 14027, 14030, 14037, and 15015 of, and to repeal and add Sections 14010, 14021, 14026, 14029, 14078, 15007, and 15016 of, the Insurance Code, relating to insurance.

LEGISLATIVE COUNSEL'S DIGEST

SB 488, as introduced, Block. Independent insurance adjusters: public insurance adjusters.

(1) Existing law, the Insurance Adjuster Act, sets forth various requirements with respect to operation as an insurance adjuster in this state, including, but not limited to, that the person be licensed, licensing qualifications and application requirements, codes of conduct, disciplinary actions, and nonresident and emergency licenses. The act defines the term, "insurance adjuster," to include a person, other than a private investigator, who, for any consideration whatsoever, engages in business or accepts employment to furnish, or agrees to make, or makes, any investigation for the purpose of obtaining, information in the course of adjusting or otherwise participating in the disposal of, any claim under or in connection with a policy of insurance on behalf of an insurer or engages in soliciting insurance adjustment business. Any person who knowingly falsifies the fingerprints or photographs submitted as part of the application process is guilty of a felony, and any person who violates any other provision governing insurance

adjusters is guilty of a misdemeanor punishable by a fine not to exceed \$500, or by imprisonment in the county jail not to exceed one year, or by both that fine and imprisonment.

This bill would revise and recast the above provisions by, among other things, changing the name of the act to the Independent Insurance Adjuster Act and redefining an “independent insurance adjuster” to mean an individual, a business entity, an independent contractor, or an employee of a contractor, who contracts for compensation with insurers or self-insurers, a person whose tax treatment by the insurers or self-insurers is consistent with that of an independent contractor rather than as an employee, and a person that investigates, negotiates, or settles property, casualty, or workers’ compensation claims for insurers or for self-insurers. The bill would expand the categories of persons exempt from the act to include, among others, an individual who is employed to investigate suspected fraudulent insurance claims but who does not adjust losses or determine claims payments, and a person who solely performs executive, administrative, managerial, or clerical duties or any combination thereof, and who does not investigate, negotiate, or settle claims with policyholders, claimants, or their legal representative. The bill would impose additional information and educational requirements on applicants and would impose additional code of conduct requirements on licensees. The bill would revise the provisions relating to nonresident and emergency licenses with regards to qualifying for those licenses. The bill would also create an apprentice independent insurance adjuster license to facilitate the experience, education, and training necessary to ensure reasonable competency in the responsibilities and duties of an independent insurance adjuster and would set forth the various terms and conditions of the license, including an application fee to be fixed by the commissioner and reasonably related to the actual cost to the department in performing its duties. The bill would make an apprentice independent insurance adjuster subject to a felony conviction if he or she knowingly falsifies the fingerprints or photograph submitted as part of his or her application for a license. The bill would also make conforming changes. Because the bill would create a new crime, it would impose a state-mandated local program.

(2) Existing law, the Public Insurance Adjusters Act, sets forth various requirements with respect to operation as a public insurance adjuster in this state, including, but not limited to, that the person be licensed and licensing qualifications and application requirements for public insurance adjusters, nonresident public insurance adjusters, and interim

public insurance adjusters. The act defines the term “public insurance adjuster” to mean a person who, for compensation, acts on behalf of, or aids in any manner, an insured in negotiating for or effecting the settlement of a claim or claims for loss or damage under any policy of insurance covering real or personal property or any person who advertises, solicits business, or holds himself or herself out to the public as an adjuster of those claims and any person who, for compensation, investigates, settles, adjusts, advises, or assists an insured with reference to claims for those losses on behalf of any public insurance adjuster. Any person who knowingly falsifies the fingerprints or photographs submitted as part of the application process is guilty of a felony, and any person who violates any other provision governing public insurance adjusters is guilty of a misdemeanor punishable by a fine not to exceed \$500 or by imprisonment in the county jail not to exceed one year, or by both that fine and imprisonment.

This bill would revise and recast the above provisions by, among other things, redefining a “public insurance adjuster” to include any person who, for compensation or any other thing of value on behalf of an insured, acts or aids, solely in relation to first party claims arising under insurance contracts that insure the real or personal property of the insured, on behalf of an insured in negotiating for, or effecting the settlement of, a claim for loss or damage coverage by an insurance contract, or advertises for employment as a public adjuster of insurance claims or solicits business or represents himself or herself to the public as a public adjuster of first party insurance claims for losses or damages arising out of policies of insurance that insure real or personal property. The bill would expand the categories of persons exempt from the act to include, among others, a person who negotiates or settles claims arising under a life or health insurance policy or an annuity contract and a person who settles subrogation claims between insurers. The bill would place additional eligibility requirements on applicants for a nonresident license. The bill would also repeal the provisions relating to an interim license, and would instead create an apprentice public insurance adjuster license to facilitate the training necessary to ensure reasonable competency in the responsibilities and duties of a public insurance adjuster, and would set forth the various terms and conditions of the license. The bill would make an apprentice public insurance adjuster subject to a felony conviction if he or she knowingly falsifies the fingerprints or photograph submitted as part of his or her application

for a license. Because the bill would create a new crime, it would impose a state-mandated local program.

(3) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 1722 of the Insurance Code is amended
2 to read:

3 1722. If a natural person while licensed pursuant to the
4 provisions of this chapter or ~~Chapters~~ *Chapter 6* (commencing
5 with Section 1760), 7 (commencing with Section 1800), or 8
6 (commencing with Section 1831) of this part, ~~or Part 5~~
7 (commencing with Section 12140) of Division 2, *or Chapter 1*
8 *(commencing with Section 14000) or 2 (commencing with Section*
9 *15000) of Division 5* enters the military service of the United States
10 and is in ~~such that~~ service at a time prescribed for the filing of a
11 renewal application, the filing of ~~such that~~ application is waived,
12 and the license held by ~~such that~~ licensee at the time of his *or her*
13 entry into military service shall remain in force during the period
14 of ~~such that~~ military service and until the end of the license year
15 in which he *or she* is released from ~~such that~~ service but not for
16 less than six months after ~~such that~~ release. During ~~such that~~ period
17 ~~such, that~~ person may secure a license of the type held by him *or*
18 *her* on his *or her* entry into military service upon the filing of an
19 application and paying the fee therefor without the necessity of
20 taking any examination or paying any penalty.

21 SEC. 2. Section 1751.5 of the Insurance Code is amended to
22 read:

23 1751.5. The fees required by this chapter and by Chapter 6
24 (commencing with Section 1760), Chapter 7 (commencing with
25 Section 1800), and Chapter 8 (commencing with Section 1831) of
26 this part *and by Chapter 1 (commencing with Section 14000) and*
27 *Chapter 2 (commencing with Section 15000) of Division 5* are

1 filing fees, no portion of which shall be refunded whether or not
2 the application is acted upon or the examination is taken.

3 SEC. 3. Section 14000 of the Insurance Code is amended to
4 read:

5 14000. This chapter may be cited as the *Independent Insurance*
6 *Adjuster Act*.

7 SEC. 4. Section 14001 of the Insurance Code is amended to
8 read:

9 14001. As used in this chapter, *the following terms have the*
10 *following meanings*:

11 (a) “*Catastrophe*” means an event that results in a large number
12 of deaths or injuries, causes extensive damage or destruction of
13 facilities that provide and sustain human needs, produces an
14 overwhelming demand on state and local response resources and
15 mechanisms, causes a severe long-term effect on general economic
16 activity, or severely affects state, local, and private sector
17 capabilities to begin and sustain response activities.

18 ~~(a)~~

19 (b) “*Commissioner*” means the Insurance Commissioner.

20 ~~(b)~~

21 (c) “*Department*” means the Department of Insurance.

22 (d) “*Fingerprints*” means an impression of the lines on the
23 finger taken for the purposes of identification.

24 (e) “*Home state*” means the District of Columbia and any state
25 or territory of the United States in which an independent insurance
26 adjuster maintains his, her, or its principal place of residence or
27 business and is licensed to act as a resident independent insurance
28 adjuster. If the resident state does not license independent
29 insurance adjusters, the independent insurance adjuster may
30 designate California as his, her, or its home state, provided that
31 the independent insurance adjuster is licensed and in good
32 standing.

33 (f) “*Individual*” means a natural person.

34 ~~(e)~~

35 (g) “*Licensee*” means a person licensed under this chapter.

36 ~~(d)~~

37 (h) “*Manager*” means the individual under whose direction,
38 control, charge, or management the business of a licensee is
39 operated.

1 (i) “Nonresident” means a person who is not a resident of
2 California at the time of the performance of the act referred to in
3 Section 14071.

4 (e)

5 (j) “Person” includes any individual, firm, company, association,
6 organization, partnership, limited liability company, and
7 corporation.

8 SEC. 5. Section 14010 of the Insurance Code is repealed.

9 ~~14010. The department succeeds to and is vested with all the~~
10 ~~duties, powers, purposes, responsibilities, and jurisdiction~~
11 ~~previously vested in the Bureau of Collection and Investigative~~
12 ~~Services with respect to the licensing of insurance adjusters.~~

13 ~~Any reference to prior licensing shall be deemed to licensing~~
14 ~~under the Private Investigator and Adjuster Act.~~

15 ~~The commissioner shall administer and enforce the provisions~~
16 ~~of this chapter.~~

17 SEC. 6. Section 14010 is added to the Insurance Code, to read:

18 14010. The commissioner shall administer and enforce the
19 provisions of this chapter.

20 SEC. 7. Section 14020 of the Insurance Code is amended to
21 read:

22 ~~14020. No person shall~~ (a) *A person shall not* engage in a
23 business regulated by this chapter, or act or assume to act as, or
24 represent himself or herself to be, a licensee unless he or she is
25 licensed ~~under as an independent insurance adjuster in accordance~~
26 ~~with this chapter.~~

27 ~~No~~

28 (b) A person shall *not* falsely represent that he or she is employed
29 by a licensee.

30 SEC. 8. Section 14021 of the Insurance Code is repealed.

31 ~~14021. An insurance adjuster within the meaning of this chapter~~
32 ~~is a person other than a private investigator as defined in Section~~
33 ~~7521 of the Business and Professions Code who, for any~~
34 ~~consideration whatsoever, engages in business or accepts~~
35 ~~employment to furnish, or agrees to make, or makes, any~~
36 ~~investigation for the purpose of obtaining, information in the course~~
37 ~~of adjusting or otherwise participating in the disposal of, any claim~~
38 ~~under or in connection with a policy of insurance on behalf of an~~
39 ~~insurer or engages in soliciting insurance adjustment business or~~
40 ~~aids an insurer in any manner with reference to:~~

1 ~~Crime or wrongs done or threatened against the United States~~
2 ~~of America or any state or territory of the United States of America;~~
3 ~~the identity, habits, conduct, business, occupation, honesty,~~
4 ~~integrity, credibility, knowledge, trustworthiness, efficiency,~~
5 ~~loyalty, activity, movement, whereabouts, affiliations, associations,~~
6 ~~transactions, acts, reputation, or character of any person; the~~
7 ~~location, disposition, or recovery of lost or stolen property; the~~
8 ~~cause or responsibility for fires, libels, losses, accidents, or damage~~
9 ~~or injury to persons or to property; or securing evidence to be used~~
10 ~~before any court, board, officer, or investigating committee.~~

11 ~~Notwithstanding any other provision of law, this section is in~~
12 ~~no way intended to limit the ability of a duly licensed independent~~
13 ~~insurance adjuster to perform the duties of an independent~~
14 ~~insurance adjuster for any other entity.~~

15 SEC. 9. Section 14021 is added to the Insurance Code, to read:

16 14021. An independent insurance adjuster, for purposes of this
17 chapter, is all of the following:

18 (a) An individual, a business entity, an independent contractor,
19 or an employee of a contractor, who contracts for compensation
20 with insurers or self-insurers.

21 (b) A person whose tax treatment by the insurers or self-insurers
22 is consistent with that of an independent contractor rather than an
23 employee, as defined in Section 3121 of Title 26 of the United
24 States Code.

25 (c) A person who investigates, negotiates, or settles property,
26 casualty, or workers' compensation claims for insurers or for
27 self-insurers.

28 SEC. 10. Section 14022 of the Insurance Code is amended to
29 read:

30 14022. This chapter does not apply to *any of the following*:

31 ~~(a) A person employed exclusively and regularly by one~~
32 ~~employer in connection with the affairs of such employer only and~~
33 ~~where there exists an employer-employee relationship.~~

34 ~~(b)~~

35 ~~(a)~~ (a) An officer or employee of the United States of America, or
36 of this state or a political subdivision thereof, while ~~such~~ *that*
37 officer or employee is engaged in the performance of his or her
38 official duties.

39 ~~(e)~~

1 (b) A person engaged exclusively in the business of obtaining
2 and furnishing information as to the financial rating of persons.

3 ~~(d)~~

4 (c) A charitable philanthropic society or association duly
5 incorporated under the laws of this state, which is organized and
6 maintained for the public good and not for private profit.

7 ~~(e)~~

8 (d) An attorney at law ~~in performing his or her duties as such~~
9 ~~attorney at law.~~ *admitted to practice in California, when acting in*
10 *his or her professional capacity as an attorney.*

11 ~~(f)~~

12 (e) A licensed collection agency or an employee thereof while
13 acting within the scope of his or her employment, while making
14 an investigation incidental to the business of the agency, including
15 an investigation of the location of a debtor or his or her property
16 where the contract with an assignor creditor is for the collection
17 of claims owed or due or asserted to be owed or due or the
18 equivalent thereof.

19 ~~(g) Admitted insurers and agents and insurance brokers licensed~~
20 ~~by the state, performing duties in connection with insurance~~
21 ~~transacted by them.~~

22 (f) *An officer, director, manager, or employee of an authorized*
23 *insurer, surplus line insurer, a risk retention group, or an*
24 *attorney-in-fact of a reciprocal insurer.*

25 (g) *A licensed insurance agent or broker, attorney-in-fact of a*
26 *reciprocal insurer, or managing general agent of the insurer to*
27 *whom claim authority has been granted by the insurer.*

28 (h) The legal owner of personal property ~~which~~ *that* has been
29 sold under a conditional sales agreement or a mortgagee under the
30 terms of a chattel mortgage.

31 (i) Any bank subject to the jurisdiction of the Commissioner of
32 ~~Financial Institutions of the State of California~~ *of Business*
33 *Oversight* under Division 1 (commencing with Section 99) of the
34 Financial Code or the Comptroller of the Currency of the United
35 States.

36 (j) ~~A person engaged solely in the business of securing~~
37 ~~information about persons or property from public records.~~
38 *employed solely to obtain facts surrounding a claim or to furnish*
39 *technical assistance to a licensed independent insurance adjuster.*

1 (k) Any building contractor, engineer, technical expert, or other
2 person who is engaged by an insurer or licensed *independent*
3 *insurance* adjuster to provide an expert or professional evaluation
4 of the extent, cause, or origin of damage to the insured property,
5 but who does not otherwise participate in the process of adjusting
6 claims.

7 (l) *An individual who is employed to investigate suspected*
8 *fraudulent insurance claims but who does not adjust losses or*
9 *determine claims payments.*

10 (m) *A person who solely performs executive, administrative,*
11 *managerial, or clerical duties or any combination thereof and who*
12 *does not investigate, negotiate, or settle claims with policyholders,*
13 *claimants, or their legal representative.*

14 (n) *A licensed health care provider or its employee who provides*
15 *managed care if the services do not include the determination of*
16 *compensability.*

17 (o) *A managed care organization or any of its employees who*
18 *provide managed care services if the services do not include the*
19 *determination of compensability.*

20 (p) *A person who settles only reinsurance or subrogation claims.*

21 (q) *A United States manager of the United States branch of an*
22 *alien insurer.*

23 (r) *A person who investigates, negotiates, or settles life, accident*
24 *and health, annuity, or disability insurance claims.*

25 (s) *An individual employee, under a self-insured arrangement,*
26 *who adjusts claims on behalf of his or her employer.*

27 SEC. 11. Section 14022.5 of the Insurance Code is amended
28 to read:

29 14022.5. (a) In the event of an emergency situation as declared
30 by the commissioner, claims arising out of the emergency,
31 catastrophe, disaster, or other similar occurrence may be adjusted
32 by a nonlicensed *independent insurance* adjuster upon registration
33 with the commissioner if all of the following requirements are met:

34 (1) The work performed by the nonlicensed *independent*
35 *insurance* adjuster is under the active direction, control, charge,
36 or management of a licensed *independent insurance* adjuster or
37 an insurer authorized to do business in this state.

38 (2) Registration with the commissioner is accomplished within
39 15 five working days from the date on which the nonlicensed

1 *independent insurance* adjuster commences the claims adjusting
2 activity in connection with the emergency situation.

3 (b) “Registration,” within the meaning of this section, ~~shall~~
4 ~~mean~~ means a written letter to the commissioner, submitted by the
5 supervising licensed *independent insurance* adjuster or admitted
6 insurer, naming the nonlicensed *independent insurance* adjusters,
7 identifying their *independent insurance* adjuster licenses held in
8 other jurisdictions, and stating when their claims adjusting activity
9 commenced.

10 (c) Registration under this section is valid for a period of ~~180~~
11 90 days from the date of the registration letter. Before the lapse of
12 that period, the commissioner may grant further ~~180-day~~ 90-day
13 extensions as he or she deems appropriate upon written request
14 from the supervising licensed *independent insurance* adjuster or
15 the admitted insurer.

16 SEC. 12. Section 14024 of the Insurance Code is amended to
17 read:

18 14024. ~~An~~ (a) *An individual* application shall be verified and
19 shall include *all of the following*:

20 (a)

21 (1) The full *legal* name and ~~business address~~ *business, resident,*
22 *and mailing addresses* of the applicant.

23 (b)

24 (2) The name under which *the* applicant intends to do business.

25 (3) *The applicant’s birth date and social security number.*

26 (4) *The application fees set forth in Section 14097.*

27 (c)

28 (5) A statement as to the general nature of the business in which
29 the applicant intends to engage.

30 (d)

31 (6) A statement as to the ~~classification or~~ classifications under
32 which the applicant desires to be qualified.

33 ~~(e) If the applicant is a person other than an individual, the full~~
34 ~~name and residence address of each of its partners, officers, and~~
35 ~~directors, and its manager.~~

36 (f)

37 (7) Two recent photographs of the applicant, of a type prescribed
38 by the commissioner, and ~~two~~ one classifiable ~~sets~~ *set* of his or
39 her ~~fingerprints. fingerprints, to be sent to a live scan fingerprint~~
40 *provider as directed by the department, if fingerprints are not*

1 *submitted in person with a live scan fingerprinting service provider*
2 *certified by the Department of Justice.*

3 ~~(g)~~

4 ~~(8) A verified statement of his or her experience-qualifications.~~
5 *qualifications, unless applying for an apprentice independent*
6 *insurance adjuster license.*

7 ~~(h) Such other information, evidence, statements, or documents~~
8 ~~as may be required by the commissioner.~~

9 *(9) Other information, evidence, statements, or documents as*
10 *may be required by the commissioner.*

11 *(b) A business entity application shall be verified and shall*
12 *include all of the following:*

13 *(1) The full legal name and residence address of each of its*
14 *partners, officers, and directors, and its manager.*

15 *(2) The name under which the applicant intends to do business.*

16 *(3) The name of a licensed independent insurance adjuster who*
17 *is responsible for the business entities compliance with this chapter.*

18 *(4) That the applicant paid the fees set forth in Section 14097.*

19 *(5) A statement as to the general nature of the business in which*
20 *the applicant intends to engage.*

21 *(6) A statement as to the classifications under which the*
22 *applicant desires to be qualified.*

23 *(7) Other information, evidence, statements, or documents as*
24 *may be required by the commissioner.*

25 SEC. 13. Section 14025 of the Insurance Code is amended to
26 read:

27 14025. ~~Before an application for a license is granted, the~~
28 ~~applicant, or his or her manager, shall meet all of the following~~
29 ~~requirements:~~

30 *(a) Be at least 18 years of age.*

31 *(b) Not have committed acts or crimes constituting grounds for*
32 *denial of licensure under Section 480 of the Business and*
33 *Professions Code. Sections 1668 and 1669.*

34 *(c) Shall have had at least two years of experience in adjusting*
35 *insurance claims or the equivalent thereof as determined by the*
36 ~~commissioner.~~ *commissioner, unless applying for an apprentice*
37 *independent insurance adjuster license.*

38 *(d) If the applicant resides in a state that does not license*
39 *independent insurance adjusters, he or she is required to be*

1 *licensed in good standing to designate California as his or her*
2 *home state.*

3 *(e) (1) Completed a 20-hour prelicensing education course of*
4 *study.*

5 *(2) A nonresident applicant currently licensed as a home state*
6 *independent insurance adjuster in another state who has met that*
7 *state's prelicensing education requirements is exempt from*
8 *completing the prelicensing education requirement.*

9 *(f) Successfully passed the examination for the independent*
10 *insurance adjuster license, unless he or she qualifies for an*
11 *exemption in Section 14026.*

12 ~~(g)~~

13 *(g) Comply with ~~such~~ those other qualifications ~~as that the~~*
14 *commissioner may ~~fix by rule~~. require by regulation.*

15 SEC. 14. Section 14025.1 is added to the Insurance Code, to
16 read:

17 14025.1. (a) The apprentice independent insurance adjuster
18 license is a license to facilitate the experience, education, and
19 training necessary to ensure reasonable competency in the
20 responsibilities and duties of an independent insurance adjuster.

21 (b) An individual applying for an apprentice independent
22 insurance adjuster license shall submit an application in a format
23 prescribed by the commissioner and shall declare under penalty
24 of suspension, revocation, or refusal of the license that the
25 statements made in the application are true, correct, and complete
26 to the best of the individual's knowledge and belief. Before
27 approving the application, the commissioner shall determine that
28 the individual meets all of the following:

29 (1) Is at least 18 years of age.

30 (2) Is a resident of California and has designated California as
31 his or her home state.

32 (3) Has a business or mailing address in California for the
33 acceptance of service of process.

34 (4) Has not committed any act that is a ground for suspension,
35 revocation, or denial of licensure as set forth in Sections 1668,
36 1668.1, and 1669.

37 (5) Is trustworthy, reliable, and of good reputation, evidence of
38 which may be determined by the commissioner.

39 (6) Has paid the fees set forth in subdivision (h) of Section
40 14097.

1 (c) The apprentice independent insurance adjuster license shall
2 be subject to the following terms and conditions:

3 (1) The applicant shall submit, with the apprentice independent
4 insurance adjuster application, an attestation from a licensed
5 independent insurance adjuster certifying that the apprentice will
6 be subject to training, direction, and control by the licensed
7 independent insurance adjuster and further certifying that the
8 licensed independent insurance adjuster assumes responsibility
9 for the actions of the apprentice in the apprentice's capacity as an
10 independent insurance adjuster.

11 (2) The apprentice independent insurance adjuster is only
12 authorized to adjust claims in California.

13 (3) The apprentice independent insurance adjuster is restricted
14 to participation in the investigation, settlement, and negotiation of
15 claims subject to the review and final determination of the claim
16 by a supervising licensed independent insurance adjuster.

17 (4) Compensation of an apprentice independent insurance
18 adjuster shall only be on a salaried or hourly basis.

19 (5) The apprentice independent insurance adjuster shall not be
20 required to take and successfully complete the independent
21 insurance adjuster examination to adjust claims as an apprentice
22 independent insurance adjuster. At any time during the
23 apprenticeship, the apprentice independent insurance adjuster may
24 choose to take the examination. If the individual takes and
25 successfully completes the independent insurance adjuster exam,
26 the apprentice independent insurance adjuster license shall
27 automatically terminate and an independent insurance adjuster
28 license shall be issued to that individual in its place.

29 (6) The apprentice independent insurance adjuster license is
30 valid for a period not to exceed 12 months and is nonrenewable.

31 (7) The licensee shall be subject to suspension, revocation, or
32 denial pursuant to Sections 1668, 1668.1, and 1669.

33 (8) The applicant shall submit two recent photographs of the
34 applicant, of a type prescribed by the commissioner, and one
35 classifiable set of his or her fingerprints, to be sent to a live scan
36 fingerprint provider as directed by the department, if fingerprints
37 are not submitted in person with a live scan fingerprinting service
38 provider certified by the Department of Justice.

39 SEC. 15. Section 14026 of the Insurance Code is repealed.

1 ~~14026. The commissioner may require an applicant, or his or~~
2 ~~her manager, to demonstrate his or her qualifications by a written~~
3 ~~or oral examination, or a combination of both.~~

4 SEC. 16. Section 14026 is added to the Insurance Code, to
5 read:

6 14026. (a) An applicant for an independent insurance adjuster
7 license, unless applying for an apprentice independent insurance
8 adjuster license or crop insurance adjuster license, shall pass a
9 written examination.

10 (1) The examination shall test the knowledge of the applicant
11 concerning the duties and responsibilities of an independent
12 insurance adjuster and this code.

13 (2) An applicant applying for an examination shall remit a
14 nonrefundable fee as prescribed by the commissioner in Section
15 14097.

16 (b) An individual who applies for an independent insurance
17 adjuster license in California who holds a home state license in
18 another state as an independent insurance adjuster shall not be
19 required to complete the examination if he or she successfully
20 passed an examination as a condition of receiving an independent
21 insurance adjuster license in his or her home state. This exemption
22 applies to individuals who are currently licensed in their home
23 state or if the home state license expired and the application is
24 received by the commissioner within 90 days of expiration.

25 (c) An individual who applies for an apprentice independent
26 insurance adjuster license pursuant to Section 14025.1, and who
27 adjusts claims in that capacity, shall not be required to take and
28 successfully complete the independent insurance adjuster
29 examination.

30 SEC. 17. Section 14027 of the Insurance Code is repealed.

31 ~~14027. Payment of the application fee prescribed by this chapter~~
32 ~~entitles an applicant, or his or her manager, to one examination~~
33 ~~without further charge. If the person fails to pass the examination,~~
34 ~~he or she shall not be eligible for any subsequent examination~~
35 ~~except upon payment of the reexamination fee prescribed by this~~
36 ~~chapter for each such subsequent examination.~~

37 SEC. 18. Section 14028 of the Insurance Code is amended to
38 read:

39 14028. After a ~~hearing~~ *hearing*, the commissioner may deny
40 a license unless the application makes a showing satisfactory to

the commissioner that the applicant, if an individual, has not, or if the applicant is a person other than an individual, that its manager and each of its officers and partners have not *done any of the following*:

~~(a) Committed any acts or crimes constituting grounds for denial of licensure under Section 480 of the Business and Professions Code.~~

~~(b)~~

~~(a)~~ Been refused a license under this chapter or had a license revoked.

~~(e)~~

~~(b)~~ Been an officer, partner, or manager of any person who has been refused a license under this chapter or whose license has been revoked.

~~(d)~~

~~(c)~~ While unlicensed committed, or aided and abetted the commission of, any act for which a license is required by this chapter.

~~(e)~~

~~(d)~~ Committed any act or crime constituting grounds for denial of *license licensure* under Section 1668.

SEC. 19. Section 14029 of the Insurance Code is repealed.

~~14029. (a) The business of each licensee shall be operated under the active direction, control, charge, or management of the licensee, if the licensee is qualified, or the person who has qualified to act as the licensee's manager, if the licensee is not qualified.~~

~~(b) No person shall act as a manager of a licensee until he or she has complied with each of the following:~~

~~(1) Demonstrated his or her qualifications by a written or oral examination, or a combination of both, if required by the commissioner.~~

~~(2) Made a satisfactory showing to the commissioner that he or she has the qualifications prescribed by Section 14025 and that none of the facts stated in Section 14028 or 14028.5 exist as to him or her.~~

~~(c) If the manager, who has qualified as provided in this section, ceases for any reason whatsoever to be connected with the licensee to whom the license is issued, the licensee shall notify the commissioner in writing 30 days from the cessation. If notice is given, the license shall remain in force for a reasonable length of~~

1 time to be determined by the rules of the commissioner pending
2 the qualifications, as provided in this chapter, of another manager.
3 If the licensee fails to notify the commissioner within the 30-day
4 period, his or her license shall be subject to suspension or
5 revocation and may be reinstated only upon the filing of an
6 application for reinstatement, payment of the reinstatement fee, if
7 any is due, and the qualification of a manager as provided herein.

8 (d) ~~Every manager shall renew his or her authority by satisfying~~
9 ~~the requirements of Article 8 (commencing with Section 14090).~~

10 SEC. 20. Section 14029 is added to the Insurance Code, to
11 read:

12 14029. Each organization licensed under this chapter shall
13 designate an individual also licensed as an independent insurance
14 adjuster to be responsible for the organization's compliance with
15 state law.

16 SEC. 21. Section 14030 of the Insurance Code is repealed.

17 ~~14030. Whenever the individual on the basis of whose~~
18 ~~qualifications a license under this chapter has been obtained ceases~~
19 ~~to be connected with the licensee for any reason whatever, the~~
20 ~~business may be carried on for such temporary period and under~~
21 ~~such terms and conditions as the commissioner shall provide by~~
22 ~~regulation.~~

23 SEC. 22. Section 14031 of the Insurance Code is amended to
24 read:

25 14031. ~~Whenever a~~ A hearing is held under this chapter to
26 determine whether an application for a license should be granted
27 ~~or to determine the qualifications of a licensee's manager, the~~
28 ~~proceedings~~ shall be conducted in accordance with Chapter 5
29 (commencing with Section 11501) of Part 1 of Division 3 of Title
30 2 of the Government Code, and the commissioner shall have all
31 of the powers granted therein.

32 SEC. 23. Section 14032 of the Insurance Code is amended to
33 read:

34 14032. The form and content of the license shall be determined
35 by the commissioner in accordance with Section 164 of the
36 ~~Business and Professions Code.~~ *commissioner.*

37 SEC. 24. Section 14037 of the Insurance Code is repealed.

38 ~~14037. A licensee shall at all times be legally responsible for~~
39 ~~the good conduct in the business of each of his or her employees~~
40 ~~or agents, including his or her manager.~~

1 SEC. 25. Section 14038 of the Insurance Code is amended to
2 read:

3 14038. (a) Any licensee or officer, director, ~~partner, or manager~~
4 *or partner* of a licensee may divulge to any law enforcement officer
5 or district attorney, or to his or her representative, any information
6 he or she may acquire as to any criminal offense, but he or she
7 shall not divulge to any other person, except as he or she may be
8 required by law to do so, any information acquired by him or her
9 except at the direction of the employer or client for whom the
10 information was obtained.

11 (b) ~~No licensee, A licensee~~ or officer, director, ~~partner, manager,~~
12 ~~or employee or partner~~ of a licensee shall *not* knowingly make
13 any false report to his or her employer or client for whom
14 information was being obtained.

15 (c) ~~No written, A written~~ report shall *not* be submitted to a client
16 except by the licensee, ~~qualifying manager, or a person authorized~~
17 ~~by one or either of them, and such person submitting the report~~
18 *licensee who* shall exercise diligence in ascertaining whether or
19 not the facts and information in ~~such a~~ *that* report are true and
20 correct.

21 (d) ~~No licensee, A licensee~~ or officer, director, ~~partner, manager,~~
22 ~~or employee or partner~~ of a licensee shall *not* use a badge in
23 connection with the official activities of the licensee's business.

24 (e) ~~No licensee, A licensee~~ or officer, director, ~~partner, manager,~~
25 ~~or employee of a licensee, shall use a title, or wear a uniform, or~~
26 ~~use an insignia, or use an identification card, or partner of a~~
27 *licensee shall not use a title, wear a uniform, use an insignia, use*
28 *an identification card, or make any statement with the intent to*
29 *give an impression that he or she is connected in any way with the*
30 *federal government, a state government, or any political subdivision*
31 *of a state government.*

32 (f) ~~No licensee, A licensee~~ or officer, director, ~~partner, manager,~~
33 ~~or employee or partner~~ of a licensee, shall *not* enter any private
34 building or portion thereof without the consent of the owner or of
35 the person in legal possession thereof.

36 (g) ~~No licensee shall, A licensee shall not~~ appear as an assignee
37 party in any proceeding involving claim and delivery, replevin, or
38 other possessory action, action to foreclose a chattel mortgage,
39 mechanic's lien, materialman's lien, or any other lien.

1 (h) ~~No licensee shall permit an employee or~~ *A licensee shall*
2 ~~not permit an~~ agent in his or her own name to advertise, engage
3 clients, furnish reports, or present bills to clients, or in any manner
4 whatever to conduct business for which a license is required under
5 this chapter. All business of the licensee shall be conducted in the
6 name of and under the control of the licensee.

7 (i) ~~No licensee~~ *A licensee* acting as an independent automobile
8 damage appraiser or adjuster or as an automobile insurance claims
9 adjuster, ~~appraiser~~ *appraiser*, or representative shall *not* receive
10 any financial benefit from an automobile repair facility. “Financial
11 benefit” means the receiving of any commission or gratuity,
12 discount on repair costs, free repairs, employment by a repair
13 facility, or possession of more than 3 percent direct ownership in
14 an automobile repair facility located in this state.

15 SEC. 26. Section 14039 of the Insurance Code is amended to
16 read:

17 14039. ~~No~~ *A* person licensed as an *independent* insurance
18 adjuster shall *not* do any of the following:

19 (a) Fail to disclose his or her full financial interest in a contract
20 or agreement executed by him or her for the adjustment of a claim
21 prior to the execution thereof.

22 (b) Use any misrepresentation to solicit a contract or agreement
23 to adjust a claim.

24 (c) Solicit or accept remuneration from, or have a financial
25 interest exceeding 3 percent in, any salvage, repair, or other firm;
26 ~~which that~~ obtains business in connection with any claim ~~which~~
27 ~~that~~ he or she has a contract or agreement to adjust.

28 SEC. 27. Section 14040 of the Insurance Code is amended to
29 read:

30 14040. Any badge or cap insignia worn by a person who is a
31 licensee, officer, director, ~~partner, manager, or employee or partner~~
32 of a licensee shall be of a design approved by the commissioner,
33 and shall bear on its face a distinctive word indicating the name
34 of the licensee ~~and an employee number by which such person~~
35 ~~may be identified by the licensee.~~ *licensee.*

36 SEC. 28. Section 14042 of the Insurance Code is amended to
37 read:

38 14042. ~~No licensee shall~~ *(a) A licensee shall not* conduct a
39 business under a fictitious or other business name unless and until

1 he or she has obtained the written authorization of the
2 commissioner to do so.

3 ~~The~~

4 (b) *The* commissioner shall not authorize the use of a fictitious
5 or other business name ~~which~~ *that* is so similar to that of a public
6 officer or agency or of that used by another licensee that the public
7 may be confused or misled thereby.

8 ~~The~~

9 (c) *The* authorization shall require, as a condition precedent to
10 the use of any fictitious name, that the licensee comply with Section
11 1724.5 of this code and Chapter 5 (commencing with Section
12 17900) of Part 3 of Division 7 of the Business and Professions
13 Code, 1724.5.

14 ~~A~~

15 (d) A licensee desiring to conduct his or her business under more
16 than one fictitious business name shall obtain the authorization of
17 the commissioner in the manner prescribed in this section for the
18 use of ~~each such~~ *that* name.

19 ~~The~~

20 (e) *The* licensee shall pay a fee of ten dollars (\$10) for each
21 authorization to use an additional fictitious business name and for
22 each change in the use of a fictitious business name. If the original
23 license is issued in a nonfictitious name and authorization is
24 requested to have the license reissued in a fictitious business name,
25 the licensee shall pay a fee of twelve dollars (\$12) for ~~such that~~
26 authorization.

27 SEC. 29. Section 14061 of the Insurance Code is amended to
28 read:

29 14061. The commissioner may suspend or revoke a license
30 issued under this chapter or may issue a restricted license in
31 accordance with Section 14026.5 if he or she determines that the
32 ~~licensee, or his or her manager, if an individual, licensee~~ or if the
33 licensee is a person other than an individual, that any of its officers,
34 directors, partners, or its ~~manager~~, *designated responsible person*
35 *has done any of the following:*

36 (a) Made any false statement or given any false information in
37 connection with an application for a license or a renewal or
38 reinstatement of a license.

39 (b) Violated any provisions of this chapter.

1 (c) Violated any rule of the commissioner adopted pursuant to
2 the authority contained in this chapter.

3 (d) Been convicted of any crime substantially related to the
4 qualifications, ~~functions~~ *functions*, and duties of the holder of the
5 registration or license in question.

6 (e) Impersonated, or permitted or aided and abetted an employee
7 to ~~impersonate~~ *impersonate*, a law enforcement officer or employee
8 of the United States of America, or of any state or political
9 subdivision thereof.

10 (f) Committed or permitted any employee to commit any act,
11 while the license was expired ~~which~~ *that* would be cause for the
12 suspension or revocation of a license, or grounds for the denial of
13 an application for a license.

14 (g) Willfully failed or refused to render to a client services or
15 a report as agreed between the parties and for which compensation
16 has been paid or tendered in accordance with the agreement of the
17 parties.

18 (h) Committed assault, battery, or kidnapping, or used force or
19 violence on any person, without proper justification.

20 (i) Knowingly ~~violated~~, *violated* or advised, encouraged, or
21 assisted the violation of any court order or injunction in the course
22 of business as a licensee.

23 (j) Acted as a runner or capper for any attorney.

24 (k) Committed any act ~~which~~ *that* is a ground for denial of an
25 application for license under this chapter.

26 (l) Purchased, possessed, or transported any tear gas weapon
27 except as authorized by law. A violation of this subdivision may
28 be punished by the suspension of a license for a period to be
29 determined by the commissioner.

30 SEC. 30. Section 14063 of the Insurance Code is amended to
31 read:

32 14063. The commissioner may suspend or revoke a license
33 issued under this chapter or may issue a restricted license in
34 accordance with Section 14026.5 if the commissioner determines
35 that the licensee, or ~~his or her manager~~, *licensee*, if an individual,
36 or if the licensee is a person other than an individual, that any of
37 its officers, directors, partners, or its ~~manager~~, *has designated*
38 *responsible person has done any of the following:*

39 (a) Used any letterhead, advertisement, or other printed matter,
40 or in any matter whatever represented that he or she is an

1 instrumentality of the federal government, *or of* a state or any
2 political subdivision thereof.

3 (b) Used a name different from that under which he or she is
4 currently licensed in any advertisement, solicitation, or contract
5 for business.

6 SEC. 31. Section 14064 of the Insurance Code is amended to
7 read:

8 14064. (a) The commissioner may suspend or revoke a license
9 issued under this chapter or may issue a restricted license in
10 accordance with Section 14026.5 if the commissioner determines
11 that the licensee, ~~or his or her manager,~~ *licensee*, if an individual,
12 or if the licensee is a person other than an individual, that any of
13 its officers, directors, partners, or its ~~manager,~~ *designated*
14 *responsible person* has committed any act in the course of the
15 licensee's business constituting dishonesty or fraud.

16 ~~“Dishonesty~~

17 (b) “*Dishonesty* or fraud” as used in this section includes, in
18 addition to other acts not specifically enumerated herein, all of the
19 following:

20 (a)

21 (1) Knowingly making a false statement relating to evidence or
22 information obtained in the course of employment, or knowingly
23 publishing a slander or a libel in the course of business.

24 (b)

25 (2) Using illegal means in the collection or attempted collection
26 of a debt or obligation.

27 (c)

28 (3) Manufacture of evidence.

29 (d)

30 (4) Acceptance of employment adverse to a client or former
31 client relating to a matter with respect to which the licensee has
32 obtained confidential information by reason of or in the course of
33 his or her employment by ~~such~~ *that* client or former client.

34 (e)

35 (5) Impersonating, or permitting or aiding and abetting an
36 employee to ~~impersonate~~ *impersonate*, a law enforcement officer
37 or employee of the United States of America, or of any state or
38 political subdivision thereof.

39 SEC. 32. Section 14078 of the Insurance Code is repealed.

1 ~~14078. As used in this article, “nonresident” means a person~~
2 ~~who is not a resident of this state at the time of the performance~~
3 ~~of the act referred to in Section 14071.~~

4 SEC. 33. Section 14078 is added to the Insurance Code, to
5 read:

6 14078. (a) Unless refused licensure pursuant to Sections 14060
7 to 14065, inclusive, a nonresident person shall receive a
8 nonresident independent insurance adjuster license if all of the
9 following apply:

10 (1) The applicant is currently licensed in good standing as an
11 independent insurance adjuster in his, her, or its resident or home
12 state.

13 (2) The applicant paid the fees required by Section 14097.

14 (3) The applicant submitted to the commissioner the completed
15 application for licensure.

16 (4) The applicant’s home state awards nonresident independent
17 insurance adjuster licenses to residents of California on the same
18 basis.

19 (b) The commissioner may verify the independent insurance
20 adjuster’s licensing status through any appropriate database,
21 including the Producer Database maintained by the National
22 Association of Insurance Commissioners, its affiliates or
23 subsidiaries, or may request certification of good standing.

24 (c) As a condition to the continuation of a nonresident
25 independent insurance adjuster license, the licensee shall maintain
26 a resident independent insurance adjuster license in his, her, or its
27 home state.

28 (1) The nonresident independent insurance adjuster license
29 issued under this chapter shall terminate and be surrendered
30 immediately to the commissioner if the resident independent
31 insurance adjuster license terminates for any reason, unless the
32 termination is due to the independent insurance adjuster being
33 issued a new resident independent insurance adjuster license in
34 his, her, or its new home state.

35 (2) The nonresident independent insurance adjuster license shall
36 terminate if the person’s home state does not award nonresident
37 independent insurance adjuster licenses to residents of California
38 on the same basis.

1 (3) (A) The licensee is required to give notice of resident
2 independent insurance adjuster license termination to any state
3 that issued a nonresident independent insurance adjuster license.

4 (B) The notice is required to be given within 30 days of the
5 termination date. If the resident independent insurance adjuster
6 license was terminated for change in resident home state, then the
7 notice is required to include both the previous and current address.

8 (4) Maintaining a resident independent insurance adjuster license
9 is required for the nonresident independent insurance adjuster
10 license to remain valid.

11 SEC. 34. Section 14079 is added to the Insurance Code, to
12 read:

13 14079. (a) An independent insurance adjuster shall be honest
14 and fair in all communications with the insured, the insurer, and
15 the public.

16 (b) An independent insurance adjuster shall provide
17 policyholders and claimants with prompt and knowledgeable
18 service and courteous, fair, and objective treatment at all times.

19 (c) An independent insurance adjuster shall not give legal advice
20 and shall not deal directly with any policyholder or claimant who
21 is represented by legal counsel without the consent of the legal
22 counsel involved.

23 (d) An independent insurance adjuster shall comply with all
24 local, state, and federal privacy and information security laws.

25 (e) An independent insurance adjuster shall identify himself or
26 herself as an independent insurance adjuster and, if applicable,
27 shall identify his or her employer when dealing with any
28 policyholder or claimant.

29 (f) An independent insurance adjuster shall not have any
30 financial interest in any adjustment or shall not acquire for himself,
31 herself, or any person any interest or title in salvage, without first
32 receiving written authority from the principal.

33 SEC. 35. Section 14080 of the Insurance Code is amended to
34 read:

35 14080. Any person who knowingly falsifies the fingerprints
36 or photographs submitted under *paragraph (7) of subdivision-(f)*
37 *(a) of Section 14024 or paragraph (8) of subdivision (c) of Section*
38 *14025.1* is guilty of a felony. Any person who violates any of the
39 other provisions of this chapter is guilty of a misdemeanor
40 punishable by fine not to exceed five hundred dollars (\$500), or

1 by imprisonment in the county jail not to exceed one year, or by
2 both ~~such~~ *the* fine and imprisonment.

3 SEC. 36. Section 14090.1 of the Insurance Code is amended
4 to read:

5 14090.1. (a) An individual who holds an *independent* insurance
6 adjuster license and who is not exempt under subdivision (b) shall
7 satisfactorily complete a minimum of 24 hours, of which three
8 hours are to be in ethics, of continuing education courses pertinent
9 to the duties and responsibilities of an *independent* insurance
10 adjuster ~~license reported~~ *license and shall report the completion*
11 *of this coursework* to the insurance commissioner on a biennial
12 basis in conjunction with his or her license renewal cycle.

13 (b) This section does not apply to any of the following:

14 (1) A licensee not licensed for one full year prior to the end of
15 the applicable continuing education biennium.

16 (2) A licensee holding a nonresident *independent* insurance
17 adjuster license who has met the continuing education requirements
18 of his or her designated ~~resident~~ *home* state.

19 (3) An individual licensed as an *independent* insurance adjuster
20 and as a property or casualty broker-agent, pursuant to Section
21 1625, who has met the continuing education requirements specified
22 in Section 1749.3.

23 (4) *An individual licensed as an apprentice independent*
24 *insurance adjuster pursuant to Section 14025.1.*

25 SEC. 37. Section 14097 of the Insurance Code is amended to
26 read:

27 14097. The amount of fees prescribed by this chapter, unless
28 otherwise fixed, is that fixed in the following schedule:

29 (a) The application fee *for the qualifying examination* for an
30 original license is twenty-nine dollars (\$29).

31 (b) The application fee for an original branch office certificate
32 is eighteen dollars (\$18).

33 (c) The fee for an original license *application* is an amount equal
34 to the renewal fee in effect on the last regular renewal date before
35 the date on which the license is issued, except that, if the license
36 will expire less than one year after its issuance, then the fee is an
37 amount equal to 50 percent of the renewal fee in effect on the last
38 regular renewal date before the date on which the license is issued.
39 The commissioner may, by appropriate regulation, provide for the

1 waiver or refund of the initial license fee where the license is issued
2 less than 45 days before the date on which it will expire.

3 (d) The renewal fee shall be fixed by the commissioner as
4 follows:

5 (1) For a license as an *independent* insurance adjuster, not more
6 than one hundred eighteen dollars (\$118).

7 (2) For a branch office certificate, not more than twenty-four
8 dollars (\$24).

9 (e) The application and license fee for classifications prescribed
10 by the commissioner, in addition to those provided for in this
11 chapter, and the application and license fees for a change in the
12 type of business organization of a licensee, shall be in the amount
13 prescribed by rule and regulation of the commissioner.

14 (f) The delinquency fee shall be 50 percent of the renewal fee
15 in effect on the date of ~~expiration, but not more than twenty-nine~~
16 ~~dollars (\$29):~~ *expiration.*

17 (g) The fee for reexamination of an applicant ~~or his manager~~ is
18 twelve dollars (\$12).

19 (h) *The application fee for an apprentice independent insurance*
20 *adjuster license shall be fixed by the commissioner by regulation*
21 *and shall be reasonably related to the actual cost to the department*
22 *in performing its duties under this chapter.*

23 SEC. 38. Section 14099 of the Insurance Code is amended to
24 read:

25 14099. Application or license ~~fee fees~~ shall not be refunded
26 ~~except in accordance with Section 158 of the Business and~~
27 ~~Professions Code; pursuant to Section 1751.5.~~

28 SEC. 39. Section 15001 of the Insurance Code is amended to
29 read:

30 15001. As used in this chapter *the following terms have the*
31 *following meanings:*

32 (a) "Commissioner" means the Insurance Commissioner.

33 (b) "Department" means the Department of Insurance.

34 (c) "*Fingerprints*" means *an impression of the lines on the*
35 *finger taken for the purposes of identification*

36 (d) "*Home state*" means *the District of Columbia and any state*
37 *or territory of the United States in which the public insurance*
38 *adjuster's principal place of residence or principal place of*
39 *business is located. If neither the state in which the public*
40 *insurance adjuster maintains the principal place of residence nor*

1 *the state in which the public insurance adjuster maintains the*
2 *principal place of business has a substantially similar law*
3 *governing public insurance adjusters, the public insurance adjuster*
4 *may declare another state in which it becomes licensed and acts*
5 *as a public insurance adjuster to be the “home state.”*

6 (e)

7 (e) “Licensee” means a person licensed under this chapter.

8 (d)

9 (f) “Person” includes any individual, firm, company, association,
10 organization, partnership, limited liability company, and
11 corporation.

12 SEC. 40. Section 15007 of the Insurance Code is repealed.

13 ~~15007. A public insurance adjuster within the meaning of this~~
14 ~~chapter is a person who, for compensation, acts on behalf of or~~
15 ~~aids in any manner, an insured in negotiating for or effecting the~~
16 ~~settlement of a claim or claims for loss or damage under any policy~~
17 ~~of insurance covering real or personal property or any person who~~
18 ~~advertises, solicits business, or holds himself or herself out to the~~
19 ~~public as an adjuster of those claims and any person who, for~~
20 ~~compensation, investigates, settles, adjusts, advises, or assists an~~
21 ~~insured with reference to claims for those losses on behalf of any~~
22 ~~public insurance adjuster.~~

23 SEC. 41. Section 15007 is added to the Insurance Code, to
24 read:

25 15007. “Public insurance adjuster,” for purposes of this chapter,
26 means any person who, for compensation or any other thing of
27 value on behalf of an insured, does any of the following:

28 (a) Acts or aids, solely in relation to first party claims arising
29 under insurance contracts that insure the real or personal property
30 of the insured, on behalf of an insured in negotiating for, or
31 effecting the settlement of, a claim for loss or damage coverage
32 by an insurance contract.

33 (b) Advertises for employment as a public adjuster of insurance
34 claims or solicits business or represents himself or herself to the
35 public as a public insurance adjuster of first party insurance claims
36 for losses or damages arising out of policies of insurance that insure
37 real or personal property.

38 (c) Directly or indirectly solicits business, investigates, or adjusts
39 losses, or advises an insured about first party claims for losses or
40 damages arising out of policies of insurance that insure real or

1 personal property for another person engaged in the business of
2 adjusting losses or damages covered by an insurance policy, for
3 the insured.

4 SEC. 42. Section 15008 of the Insurance Code is amended to
5 read:

6 15008. This chapter does not apply to *any of the following*:

7 (a) An officer or employee of the United States of ~~America~~
8 *America*, or of the state or of a political subdivision thereof while
9 the officer or employee is engaged in the performance of his or
10 her official duties.

11 (b) A charitable philanthropic society duly incorporated under
12 the laws of this state ~~which~~ *that* is organized and maintained for
13 the public good and not for private profit.

14 (c) An attorney at law in performing his or her duties as an
15 attorney at law.

16 (d) Admitted insurers, agents, and insurance brokers licensed
17 by the state performing duties in connection with insurance
18 transactions by them.

19 (e) The legal owner of personal property ~~which~~ *that* has been
20 sold under a conditional sales agreement or a mortgagee under the
21 terms of a chattel mortgage.

22 (f) Any salaried office employee who performs exclusively
23 clerical and administrative duties attendant to the disposition of
24 the business regulated by this chapter.

25 (g) Photographers, estimators, appraisers, engineers, and
26 arbitrators, who are employed exclusively by a public insurance
27 adjuster for the purpose of furnishing technical assistance to a
28 licensed public insurance adjuster.

29 (h) A private investigator licensed pursuant to Chapter ~~H.5~~
30 *11.3* (commencing with Section 7512) of Division 3 of the Business
31 and Professions Code while acting within the scope of that license.

32 (i) *A person who negotiates or settles claims arising under a*
33 *life or health insurance policy or an annuity contract.*

34 (j) *A licensed health care provider, or employee of a licensed*
35 *health care provider, who prepares or files a health claim form*
36 *on behalf of a patient.*

37 (k) *A person who settles subrogation claims between insurers.*

38 SEC. 43. Section 15009.1 is added to the Insurance Code, to
39 read:

1 15009.1. (a) The applicant shall complete a 20-hour
2 preclicensing course of study for the lines of authority for a public
3 insurance adjuster license.

4 (b) An applicant who resides in another state that does not
5 license public insurance adjusters is eligible to designate California
6 as his or her home state. He or she is required to complete the
7 preclicensing education, pass the public insurance adjuster
8 examination, and meet the license application requirements before
9 a license can be issued.

10 (c) An applicant licensed as a public insurance adjuster in
11 another state is exempt from completing a preclicensing education
12 course to apply for a California public insurance adjuster license
13 if, at the time of application, the applicant's out-of-state license is
14 current or was canceled within 90 calendar days. The applicant is
15 required to be a licensee in good standing in his or her home state.

16 SEC. 44. Section 15010 of the Insurance Code is amended to
17 read:

18 15010. An application shall be verified and shall include all
19 of the following:

20 (a) The full name and business address of the applicant.

21 (b) The name under which the applicant intends to do business.

22 (c) A statement as to the general nature of the business in which
23 the applicant intends to engage.

24 (d) A statement as to the ~~classification or~~ classifications under
25 which the applicant desires to be qualified.

26 (e) If the applicant is a person other than an individual, the full
27 name and resident address of each of its partners, officers, and
28 directors.

29 (f) Two recent photographs of the applicant, of ~~the a~~ type
30 prescribed by the commissioner, and ~~two one~~ classifiable ~~sets~~ set
31 of his or her ~~fingerprints. fingerprints, to be sent to a live scan~~
32 *fingerprint provider as directed by the department, if fingerprints*
33 *are not submitted in person with a live scan fingerprinting service*
34 *provider certified by the Department of Justice.*

35 (g) A verified statement of his or her experience qualifications.

36 (h) ~~Such other~~ *Other* information, evidence, ~~statements~~
37 *statements*, or documents as may be required by the commissioner.

38 SEC. 45. Section 15011 of the Insurance Code is amended to
39 read:

1 15011. Before an application for a license is granted, the
2 applicant shall meet all of the following *requirements*:

- 3 (a) Be at least 18 years of age.
4 (b) Be a bona fide resident of the State of California.
5 (c) ~~Must be~~ Be of good character and shall not have committed
6 acts or crimes constituting grounds for denial of licensure under
7 Section 1668 or 1669.
8 (d) Shall have had sufficient experience, or special education
9 or training, or both, in the handling of loss claims under insurance
10 contracts as determined by regulations adopted by the
11 commissioner, and ~~is~~ be competent to transact business and
12 discharge the responsibilities of a public insurance adjuster in ~~such~~
13 a manner as to safeguard the interests of the public.
14 (e) ~~Must maintain~~ Maintain an office in the State of California
15 with public access during regular business hours.
16 (f) Pass an exam given by the commissioner in regard to
17 property loss adjusting.
18 (g) Post a surety bond executed by a surety company authorized
19 to do business in this state in the sum of twenty thousand dollars
20 (\$20,000).
21 (h) *For an organization applicant, designate a licensed*
22 *individual public insurance adjuster to be responsible for the*
23 *organization's compliance with the insurance laws, rules, and*
24 *regulations of this state.*
25 (i) *For an organization applicant, authorize only licensed*
26 *individual public insurance adjusters to exercise authority under*
27 *the organization's license.*
28 (h)
29 (j) Comply with any other qualifications as required by the
30 commissioner.

31 SEC. 46. Section 15013 of the Insurance Code is amended to
32 read:

33 15013. Each applicant for a license as a public insurance
34 adjuster, ~~except as provided in Section 15014,~~ *adjuster* shall, prior
35 to issuance of the license, personally take and pass, to the
36 satisfaction of the commissioner, an examination given by the
37 department as follows:

- 38 (a) The examination shall be prescribed by the commissioner
39 and shall be of sufficient scope ~~to reasonably to~~ test the applicant's
40 ~~knowledge~~ *knowledge*, among other things, of basic insurance

1 theory, essential elements of contracts, technical competence in
2 the handling of the various lines for which the applicant is being
3 tested, claims ethics and knowledge of the Unfair-Claims Practices
4 Act, and the duties and responsibilities of public insurance adjusters
5 under the law.

6 (b) ~~Such~~ The examination shall be given to applicants under the
7 supervision of the ~~department of this state~~; *department or the*
8 *department's examination contractor* and shall be in written form.

9 (c) The commissioner shall, within a reasonable period of time,
10 not to exceed 30 days, transmit the results of the examination and
11 action taken on the application to the applicant.

12 (d) In the event an ~~applicant~~, *applicant* who is otherwise
13 ~~qualified~~, *qualified* fails the examination, the commissioner may
14 administer a ~~reexamination~~, *reexamination* after a waiting period
15 not to exceed six months.

16 (e) The examination shall be given at those times and places
17 within the state as the commissioner deems reasonably necessary
18 to serve the convenience of the department and applicants.

19 SEC. 47. Section 15015 of the Insurance Code is repealed.

20 ~~15015. Payment of the application fee prescribed by this chapter~~
21 ~~entitles the applicant to one examination without further charge.~~
22 ~~If the person fails to pass the examination, he or she shall not be~~
23 ~~eligible for any subsequent examination except upon payment of~~
24 ~~the reexamination fee prescribed by this chapter for each~~
25 ~~subsequent examination.~~

26 SEC. 48. Section 15016 of the Insurance Code is repealed.

27 ~~15016. (a) The commissioner shall issue an interim license to~~
28 ~~all qualified individuals for the purpose of training so long as the~~
29 ~~persons meet all of the following requirements:~~

30 ~~(1) Are employed and under the direct supervision of a person~~
31 ~~licensed under the provisions of this chapter.~~

32 ~~(2) Qualify under the applicable provisions of Section 15011.~~

33 ~~(3) Pay a license fee of one hundred dollars (\$100).~~

34 ~~(4) Comply with any other qualifications required by the~~
35 ~~commissioner.~~

36 ~~(b) An interim license may be issued for a period not to exceed~~
37 ~~one year and may not be renewed.~~

38 SEC. 49. Section 15016 is added to the Insurance Code, to
39 read:

1 15016. (a) The apprentice public insurance adjuster license is
2 a license to facilitate the training necessary to ensure reasonable
3 competency to fulfill the responsibilities of a public insurance
4 adjuster as defined in Section 15007.

5 (b) The apprentice public insurance adjuster license is subject
6 to the following terms and conditions:

7 (1) The applicant shall submit, with an application for an initial
8 apprentice public insurance adjuster license, an attestation or
9 certification from a licensed public insurance adjuster assuming
10 responsibility for all actions of that applicant.

11 (2) The apprentice public insurance adjuster is authorized to
12 adjust claims only in California.

13 (3) The applicant is required to qualify under the applicable
14 provisions of Section 15011.

15 (4) The applicant is required to pay a license fee of one hundred
16 dollars (\$100).

17 (5) The applicant is required to comply with any other
18 qualifications required by the commissioner.

19 (6) The apprentice public insurance adjuster shall not be required
20 to take and successfully complete the prescribed public insurance
21 adjuster examination.

22 (7) The licensee shall at all times be an employee of a public
23 insurance adjuster and be subject to training, direction, and control
24 by a licensed public insurance adjuster.

25 (8) The apprentice public insurance adjuster license is for a
26 period not to exceed 12 months, and the license shall not be
27 renewed.

28 (9) The licensee is restricted to participation in factual
29 investigation, tentative closing, and solicitation of losses subject
30 to the review and final determination of a licensed public insurance
31 adjuster.

32 (10) Compensation of an apprentice public insurance adjuster
33 shall only be on a salaried or hourly basis.

34 (11) The licensee shall be subject to suspension, revocation, or
35 conditions in accordance with Section 1668.

36 (12) The applicant shall submit two recent photographs of the
37 applicant, of a type prescribed by the commissioner, and one
38 classifiable set of his or her fingerprints, to be sent to a live scan
39 fingerprint provider as directed by the department, if fingerprints

1 are not submitted in person with a live scan fingerprinting service
2 provider certified by the Department of Justice.

3 SEC. 50. Section 15017 of the Insurance Code is amended to
4 read:

5 15017. (a) A nonresident license shall be issued by the
6 commissioner to qualified persons who meet the requirements of
7 this chapter as set forth in subdivisions (a), (c), (d), (e), (f), (g),
8 and ~~(h)~~ (j) of Section ~~15011~~ 15011, and who have appointed the
9 commissioner as an agent for service of process in this state.

10 (b) *Unless denied licensure pursuant to Sections 15018, 15018.5,*
11 *and 15019, a nonresident person shall receive a nonresident public*
12 *insurance adjuster license if all of the following apply:*

13 (1) *The person is currently licensed in good standing as a public*
14 *insurance adjuster in his or her home state.*

15 (2) *The person has paid the fees required by Section 15060.*

16 (3) *The person has provided proof of financial responsibility*
17 *as required by Section 15033.*

18 (4) *The individual has submitted to the commissioner the*
19 *completed application for licensure.*

20 (5) *The person's home state awards nonresident public*
21 *insurance adjuster licenses to residents of California on the same*
22 *basis.*

23 SEC. 51. Section 15020 of the Insurance Code is amended to
24 read:

25 15020. The form and content of the license shall be determined
26 by the ~~commissioner in accordance with Section 164 of the~~
27 ~~Business and Professions Code.~~ *commissioner.*

28 SEC. 52. Section 15027 of the Insurance Code is amended to
29 read:

30 15027. (a) ~~No~~A licensee shall *not*, directly or indirectly, act
31 within this state as a public insurance adjuster without having first
32 entered into a contract, in writing, on a form approved by the
33 insurance commissioner and executed in duplicate by the public
34 adjuster and the insured or a duly authorized representative. One
35 original contract shall be kept on file by the licensee, available at
36 all times for inspection, without notice, by the commissioner or
37 his or her duly authorized representative, and one original contract
38 shall be given to the insured.

39 (b) The written contract between the licensee and the insured
40 shall contain each of the following:

- 1 (1) Title of “Public Adjuster Contract.”
- 2 (2) The name, business name, license number, telephone
- 3 number, and address of the licensee.
- 4 (3) The name and address of the insured.
- 5 (4) A description of the loss and its location, if applicable.
- 6 (5) The name of the insurer and the policy number, if known.
- 7 (6) The full salary, fee, commission, or other consideration the
- 8 licensee is to receive for services under the contract.
- 9 (7) *The following statement: “No public adjuster shall charge*
- 10 *a fee, commission, or other valuable consideration based, in whole*
- 11 *or in part, on any amount paid to the insured by the insurer prior*
- 12 *to the date of the written contract between the insured and the*
- 13 *public adjuster.”*
- 14 ~~(7)~~
- 15 (8) A description of the services to be provided to the insured.
- 16 ~~(8)~~
- 17 (9) Signatures of the licensee and the insured.
- 18 ~~(9)~~
- 19 (10) The date the contract was signed by the licensee and the
- 20 date the contract was signed by the insured.
- 21 ~~(10)~~
- 22 (11) The following statement: “As a public adjuster, I am
- 23 required by the California Insurance Code to post a surety bond
- 24 in the sum of \$20,000 to cover certain kinds of claims made by
- 25 you, the insured. If you have any questions concerning the surety
- 26 bond, you may contact the California Department of Insurance
- 27 Producer Licensing Call Center at 1-800-967-9331 or
- 28 www.insurance.ca.gov.”
- 29 ~~(11)~~
- 30 (12) A statement of the compensation to the licensee, including
- 31 the percentage and base to which the percentage applies.
- 32 ~~(12)~~
- 33 (13) A statement that the insured has the right to rescind the
- 34 contract within ~~three business~~ *seven calendar* days of signing it.
- 35 (c) A contract covered by this section shall not contain a contract
- 36 term that does any of the following:
- 37 (1) Allows the licensee’s fee to be collected when money is due
- 38 from an insurer, but not paid, or allows a licensee to collect the
- 39 entire fee from the first payment issued by an insurer, rather than
- 40 as a percentage of each payment issued by an insurer.

(2) Requires the insured to authorize an insurer to issue a payment only in the name of the licensee.

(3) Imposes late fees or collection costs on the insured.

(d) ~~No~~A licensee shall *not* solicit or attempt to solicit a client for employment during the progress of a loss-producing occurrence. *A loss-producing occurrence continues to exist under any of the following conditions:*

(1) *Any of the circumstances that caused the loss are present.*

(2) *Emergency responders are present.*

(3) *An evacuation order is still in effect.*

(e) ~~No~~A licensee or any other person or entity offering, for a fee, service regulated by this chapter shall *not* solicit a ~~client~~ policyholder for employment or initiate any contact with a policyholder between the hours of 6 p.m. and 8 a.m.

(f) ~~No~~A licensee shall *not* use any form of contract other than that approved by the commissioner and ~~which~~ *that* contains each of the following:

(1) A provision allowing the client to rescind the contract by written notice sent or delivered by certified mail, return receipt requested, or other form of mailing ~~which~~ *that* provides proof of mailing, to the licensee by midnight of the ~~third business~~ *seventh* calendar day after the day on which the client signs a contract ~~which~~ *that* complies with this section. Each copy of the contract shall contain a completed form, captioned “Notice of Cancellation,” ~~which~~ *that* shall be placed at the end of the contract and be separated from the remainder of the contract by a printed line. Nothing shall be printed on the reverse side of the notice form. The notice form shall be completed by the licensee, and shall contain in type of at least 10-point the following statement written in the same language, e.g., Spanish, as used in the contract:

Notice of Cancellation

(Date of Contract)

You may cancel this contract within ~~three business~~ *seven* calendar days from the above date without any penalty or obligation to pay your public adjuster, other than for reimbursement of moneys paid by your public adjuster for out-of-pocket

1 emergency expenses for you or on your behalf. If your public
2 adjuster seeks reimbursement from you for out-of-pocket
3 emergency expenses, your public adjuster shall provide you with
4 an itemized statement of those emergency expenses advanced to
5 you or on your behalf if the cancellation is made within the first
6 ~~three business~~ *seven calendar* days after the contract was initiated.
7 Nothing in this contract permits your public adjuster to recover
8 any costs, except for out-of-pocket emergency expenses advanced
9 to you.

10 If you cancel, any money or other consideration paid by you will
11 be returned within five business days following the receipt of your
12 cancellation notice, and any security interest arising out of the
13 transaction will be canceled.

14 To cancel this contract, mail or deliver by certified mail, return
15 receipt requested, or other form of mailing ~~which~~ *that* provides
16 proof of mailing, a signed and dated copy of this cancellation
17 notice, or any other written notice, or send a telegram to:

18 _____
19 _____
20 (name of public adjuster)

21 at

22 _____
23 (address of public adjuster's place of business)

24 _____
25 not later than midnight of _____
26 (Date)

27 I hereby cancel this contract _____
28 (Date)

29 _____
30 (Client's signature)

31
32 (2) The statement "WE REPRESENT THE INSURED ONLY"
33 prominently displayed in at least 10-point type.

34 (3) A provision disclosing the percentage of the insured's claim,
35 or other fee, that the licensee will charge for his or her services.
36 The licensee shall obtain the initials of the insured next to this
37 provision.

38 (4) A conspicuous statement in at least 10-point type in
39 immediate proximity to the space reserved for the client's signature,
40 as follows: "You may cancel this contract at any time before

1 midnight of the ~~third business~~ *seventh calendar* day after the date
2 of this contract. See the notice of cancellation form at the end of
3 this contract for an explanation of this right.”

4 (g) ~~No~~ A licensee shall *not* knowingly make any false report to
5 his or her employer or divulge to any other person, except as he
6 or she may be required by law to do so, any information acquired
7 by him or her except at the direction of the employer or a client
8 for whom the information is obtained.

9 (h) ~~No~~ A licensee shall *not* use a badge in connection with the
10 official activities of the licensee’s business.

11 (i) ~~No~~ A licensee shall *not* permit an employee or agent in his
12 or her own name to advertise, engage clients, furnish reports, or
13 present bills to clients, or in any manner whatever to conduct
14 business for which a license is required under this chapter.

15 (j) Pursuant to subdivisions (a) and (c) of Section 15006, the
16 commissioner shall have the authority to enforce the provisions
17 of this chapter and prosecute violations thereunder committed by
18 unlicensed persons or entities that hold themselves out or act as
19 public insurance adjusters.

20 (k) For purposes of this section, “business day” shall have the
21 same meaning given to that term in subdivision (e) of Section
22 1689.5 of the Civil Code, as in effect on the operative date of this
23 statute.

24 (l) The contract and the notice of cancellation set forth in
25 paragraph (1) of subdivision (f) shall be written in the same
26 language, e.g., Spanish, as principally used in the negotiation of
27 the contract.

28 (m) Within five business days after a contract has been canceled,
29 the licensee shall tender to the client any payments made by the
30 client and any note or other evidence of indebtedness, including
31 an itemized statement of all amounts tendered to the client.

32 (n) The licensee is not entitled to compensation for services
33 performed prior to cancellation, other than for reimbursement of
34 moneys paid by the licensee for out-of-pocket emergency expenses
35 for the client or on behalf of the client. If the licensee seeks
36 reimbursement from the client for out-of-pocket emergency
37 expenses, and if the cancellation is made within the first ~~three~~
38 ~~business~~ *seven calendar* days after the contract was initiated, the
39 licensee shall provide the client with an itemized statement of those
40 emergency expenses advanced to the client or on behalf of the

1 client by the licensee. Nothing in this subdivision shall permit the
2 licensee to recover any costs, except for out-of-pocket emergency
3 expenses advanced to the client. Any security interest shall be
4 canceled upon cancellation of the contract.

5 (o) Notice of cancellation given by the client need not take the
6 particular form specified in paragraph (1) of subdivision (f). Notice
7 of cancellation, however expressed, is effective if it indicates the
8 intention of the client not to be bound by the contract.

9 (p) Cancellation occurs when the client gives written notice of
10 cancellation by certified mail, return receipt requested, or other
11 form of mailing ~~which~~ *that* provides proof of mailing, to the
12 licensee at the address specified in the contract.

13 (q) Notice of cancellation, if given by mail, is effective when
14 sent by certified mail, return receipt requested, or other form of
15 mailing ~~which~~ *that* provides proof of mailing, properly addressed
16 with postage prepaid.

17 (r) Until the licensee has complied with this section, the client
18 may cancel the contract.

19 (s) The contracts shall be executed in duplicate. The licensee
20 shall retain one original contract, and shall provide the insured
21 with an original contract.

22 (t) The licensee shall provide the client with an original contract
23 and notice of cancellation at the time the client signs the contract.

24 (u) Any confession of judgment or waiver of the provisions of
25 this chapter shall be deemed contrary to public policy and shall be
26 void and unenforceable.

27 (v) Prior to the signing of the contract, the licensee shall provide
28 the insured with a separate printed disclosure document in the
29 following form that bears the name and license number of the
30 licensee:

31
32 “DISCLOSURE
33

34 There are three types of insurance adjusters that could be
35 involved in the processing of your insurance claim. The definitions
36 of the three types are as follows:

37 (1) Public adjusters means the insurance adjusters who do not
38 work for your insurance company. They work for you, the insured,
39 to assist in the preparation, presentation, and settlement of your
40 claim. You hire them by signing a contract and agreeing to pay

1 them a fee or commission based on a percentage of the settlement,
2 or other method of compensation. Public adjusters are required to
3 be licensed, bonded, and tested by the State of California to
4 represent your interest only.

5 (2) Company adjusters means the insurance adjusters who are
6 employees of your insurance company. They represent your
7 insurance company and are paid by your insurance company. They
8 will not charge you a fee and are not individually licensed or tested
9 by the State of California.

10 (3) Independent adjusters means the insurance adjusters who
11 are hired on a contract basis by your insurance company to
12 represent the company in the settlement of the claim. They are
13 paid by your insurance company. They will not charge you a fee.

14 You have the right, but are not required, to use the services of
15 a public adjuster in the preparation and handling of your insurance
16 claim.

17 Public adjusters cannot solicit your business while the loss is
18 underway, or between the hours of 6 p.m. and 8 a.m.

19 Your “Public Adjuster Contract,” with a public adjuster
20 representing you, should clearly indicate the amount of the fee you
21 will be paying to your public adjuster. Your contract, with this fee
22 percentage, should be acknowledged by your initials on the “Public
23 Adjuster Contract.” The salary, fee, commission, or other
24 consideration is to be paid by you (the insured), not the insurance
25 company (insurer).

26 You have the right to cancel the contract with your public
27 adjuster, without any penalty or obligation, within ~~three business~~
28 *seven calendar* days from the date the contract is signed.

29 If you cancel the contract with your public adjuster, any money
30 or other consideration paid by you will be returned within five
31 business days following the receipt of your cancellation notice,
32 and any security interest arising out of the transaction will be
33 canceled.

34 To cancel the contract with your public adjuster, mail or deliver
35 by certified mail, return receipt requested, or other form of mailing
36 ~~which~~ *that* provides proof of mailing, a signed and dated copy of
37 the cancellation notice, or any other written notice, or send a
38 telegram to the public adjuster at the address in the contract.

1 You have the right to, and may, communicate with your
2 insurance company at any time if you feel the need during the
3 claims process.

4 If you have any concerns or questions, the officers at the
5 California Department of Insurance Consumer Hotline are there
6 to help you. Please call them at 1-800-927-HELP (4357), or
7 www.insurance.ca.gov.”

8 (w) No later than ~~three business~~ *seven calendar* days after the
9 cancellation has expired, the public adjuster shall notify the insurer,
10 its adjuster, or its attorney, that he or she has entered into a written
11 contract with the insured.

12 (x) If the licensee misrepresents or conceals a material fact from
13 the insured prior to execution of the contract, the insured is entitled
14 to rescind the contract without time limit.

15 SEC. 53. Section 15027.1 of the Insurance Code is amended
16 to read:

17 15027.1. (a) ~~Notwithstanding~~ *In addition to the restrictions*
18 *in subdivision (e) of Section 15027, a licensee shall not solicit a*
19 *contract of engagement for residential properties under this chapter*
20 *until seven calendar days have elapsed* ~~after the occurrence of a~~
21 ~~disaster. from the conclusion of a loss-producing occurrence as~~
22 ~~defined in subdivision (d) of Section 15027.~~

23 (b) Subdivision (a) shall not apply if the licensee is contacted
24 directly by the insured or the insured’s representative.

25 ~~(e) For the purposes of this section, “disaster” means a~~
26 ~~loss-producing event that damages or destroys more than 25~~
27 ~~dwellings, or a “disaster” as that term is defined in subdivision (b)~~
28 ~~of Section 1689.14 of the Civil Code.~~

29 SEC. 54. Section 15031 of the Insurance Code is amended to
30 read:

31 15031. (a) A licensee shall not conduct a business under a
32 fictitious or other business name unless and until he or she has
33 obtained the written authorization of the commissioner to do so.

34 (b) The commissioner shall not authorize the use of a fictitious
35 or other business name that is so similar to that of a public officer
36 or agency or that *is* used by another licensee that the public may
37 be confused or misled thereby.

38 (c) The authorization shall require, as a condition precedent to
39 the use of a fictitious name, that the licensee comply with Section
40 ~~1724.5 of this code and Chapter 5 (commencing with Section~~

1 ~~17900) of Part 3 of Division 7 of the Business and Professions~~
2 ~~Code. 1724.5.~~

3 (d) A licensee desiring to conduct his or her business under
4 more than one fictitious name shall obtain the authorization of the
5 commissioner in a manner prescribed in this section for the use of
6 additional fictitious names.

7 (e) The licensee shall pay a fee of ten dollars (\$10) for each
8 authorization to use an additional fictitious name and for each
9 change in the use of a fictitious business name. If the original
10 license is issued in a nonfictitious name and authorization is
11 requested to have the license reissued in a fictitious business name,
12 the licensee shall pay a fee of ten dollars (\$10) for that
13 authorization.

14 SEC. 55. Section 15036 of the Insurance Code is amended to
15 read:

16 15036. In lieu of the surety bond required by this chapter there
17 may be deposited with the State of California the sum of twenty
18 thousand dollars (\$20,000) in cash, or evidence of deposit of the
19 sum of twenty thousand dollars (\$20,000) in banks authorized to
20 do business in this state and insured by the Federal Deposit
21 Insurance Corporation, or investment certificates or share accounts
22 in the amount of twenty thousand dollars (\$20,000) issued by a
23 savings association doing business in this state and insured by the
24 Federal Deposit Insurance Corporation, or evidence of a certificate
25 of funds or share account of the sum of twenty thousand dollars
26 (\$20,000) in a credit union as defined in ~~Section 14000~~ 14002 of
27 the Financial Code whose share deposits are guaranteed by the
28 National Credit Union Administration or guaranteed by any other
29 agency approved by the Department of ~~Financial Institutions.~~
30 *Business Oversight.*

31 SEC. 56. Section 15053 of the Insurance Code is amended to
32 read:

33 15053. Any person who knowingly falsifies the fingerprints
34 or photographs submitted under subdivision (f) of Section 15010
35 *or paragraph (12) of subdivision (b) of Section 15016* is guilty of
36 a felony. Any person who violates any of the other provisions of
37 this chapter is guilty of a misdemeanor punishable by fine not to
38 exceed five hundred dollars (\$500) or by imprisonment in the
39 county jail not to exceed one year, or by both that fine and
40 imprisonment.

SEC. 57. Section 15056 of the Insurance Code is amended to read:

15056. (a) Except as otherwise provided in this article, an expired license or branch office certificate may be renewed at any time within one year after its expiration on the filing of an application for renewal on a form prescribed by the commissioner, and the payment of a renewal fee in effect on the ~~last preceding~~ *regular actual* renewal date. If the license or certificate is renewed ~~more than 30 days~~ after its expiration, the licensee, as a condition precedent to renewal, shall also pay the delinquency fee prescribed by this chapter. Renewal under this section shall be effective on the date on which the application is filed, on the date on which the renewal fee is paid, or on the date on which the delinquency fee, if any, is paid, whichever ~~last~~ occurs *last*. If so renewed, the license or certificate shall continue in effect through the date provided in Section ~~15044~~ *which 15054* that next occurs after the effective date of the renewal, when it shall expire if it is not again renewed.

~~Renewal~~

(b) *Renewal* of a license or certificate ~~shall~~ *does* not prohibit the bringing of disciplinary proceedings for an act committed before the effective date of the renewal.

SEC. 58. Section 15060 of the Insurance Code is amended to read:

15060. The amount of fees prescribed by this chapter, unless otherwise fixed, is that fixed in the following schedule:

(a) The application fee *for the qualifying examination* for an original license is twenty-five dollars (\$25).

(b) The application fee for an original branch office certificate is fifteen dollars (\$15).

(c) The fee for an original license *application* in the amount equal to the renewal fee in effect on the last regular renewal date before the date on which the license is issued, except that, if the license will expire less than one year after its issuance, then the fee is an amount equal to 50 percent of the renewal fee in effect on the last regular renewal date before the date on which the license is issued. ~~The commissioner may, by appropriate regulation, provide for the waiver or refund of the original licensee fee where the license is issued less than 45 days before the date on which it will expire.~~

(d) The renewal fee shall be fixed by the commissioner as follows: ~~(1) for a license as a public insurance adjuster, not more than one hundred dollars (\$100) (2) for a branch office certificate, not more than twenty dollars (\$20).~~

(1) For a license as a public insurance adjuster, not more than one hundred dollars (\$100).

(2) For a branch office certificate, not more than twenty dollars (\$20).

(e) The application and license fee for applications prescribed by the commissioner, in addition to those in this chapter, and the application and license fee for a change in the type of business organization of the licensee, shall be in the amount prescribed by rule and regulation of the commissioner.

(f) The delinquency fee shall be 50 percent of the renewal fee in effect on the date of ~~expiration, but not more than twenty-five dollars (\$25).~~ *expiration.*

(g) The fee for reexamination of an applicant is ten dollars (\$10).

SEC. 59. Section 15062 of the Insurance Code is amended to read:

15062. Application or license ~~fee fees~~ shall not be refunded ~~except in accordance with Section 158 of the Business and Professions Code, pursuant to Section 1751.5.~~

SEC. 60. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.